

Message Text

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ACTION ARA-20

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UNCLAS BUENOS AIRES 8589

E.O. 11652: N/A

TAGS: BEXP, AR.

SUBJECT: MARKET POTENTIAL FOR AMERICAN CONSUMER GOODS.

REF: STATE A-7182.

WE HAVE REVIEWED ALL CATEGORIES OF CONSUMER GOODS IN LIGHT OF EXISTING LEGISLATION, PRESENT GOVERNMENT POLICIES, AND PROBABLE FUTURE APPLICATIONS OF THESE POLICIES. OUR CONCLUSION IS THAT THE MARKET FOR ALL IMPORTED CONSUMER GOODS IN ARGENTINA IS SO THIN AND UNCERTAIN THAT IT WOULD NOT REPAY EFFORTS OF EMBASSY IN DOING COMPREHENSIVE STUDY OF MARKET, NOR EFFORTS OF AMERICAN COMPANIES IN ATTEMPTING TO PROMOTE SALES OF SUCH PRODUCTS HERE.

2. AS WE HAVE REPORTED (MOST RECENTLY IN A-388 DATED SEPT. 21, 1973) OVER PAST THREE YEARS, GOA HAS STEADILY AND INEXORABLY RESTRICTED OR PROHIBITED ALMOST ALL PRODUCTS WHICH CAN BE TERMED CONSUMER GOODS, DESIGNATING THEM "NON-ESSENTIAL" OR "LUXURY GOODS. THE RECENTLY ENACTED LAW FOR PROTECTION OF NATIONAL LABOR INDUSTRY (BUENOS AIRES 7983, 8451) MAKES IT CLEAR THAT THERE IS UNLIKELY TO BE ANY RELAXATION OF THE VERY RESTRICTIVE POLICY TOWARDS IMPORTS IN GENERAL AND ESPECIALLY CONSUMER GOODS.

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3. LATEST DETAILED OFFICIAL GOA FIGURES AVAILABLE (1971)

SHOW NO CONSUMER PRODUCTS WITH IMPORTS FROM ANY SOURCE OF OVER \$200,000 EXCEPT MALT (SCOTCH) WHISKEY, AND EVEN THAT IS NOW SUSPENDED.

4. A WIDE RANGE OF CONSUMER GOODS IS MANUFACTURED IN ARGENTINA, MANY UNDER ARRANGMENTS WITH US FIRMS. PAST EXPERIENCE HAS BEEN THAT (A) IMPORTS PROVE THE EXISTENCE OF A MARKET (B) AN ARGENTINE FIRM ESTABLISHES MANUFACTURING FACILITIES (C) THE DUTY IS RAISED TO PROHIBITIVE LEVELS. THIS PROCESS WOULD VERY LIKELY TAKE PLACE IF ANY NEW CONSUMER GOODS LEAKED THROUGH CHINKS IN PROTECTIVE TARIFF AND NON-TARIFF BARRIERS. EMBASSY WILL, OF COURSE, BE ALERT TO ANY POSSIBLE CHANGE IN THIS SITUATION.
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